

Phone Etiquette

Serving Disgruntled Taxpayers

IC 700: 2013 Corporate Tax Updates

February 2014

Phone Etiquette & Serving Disgruntled Taxpayers



Phone Etiquette

- Greeting
- Smile ☺
- Tone
- Clarity
- Volume

"Good afternoon!
Thanks for calling
Corporate Income Tax.
My name is Sarah.
How may I help you?"

Phone Etiquette

- Conversation
 - Good listening
 - Make sure you understand exactly what they are asking
- Positive Solutions

<i>"I'll find out for you"</i>	vs.	<i>"I don't know"</i>
<i>"I'm not able to do that, but..."</i>	vs.	<i>"No"</i>
<i>"Let me find someone who can take care of that for you"</i>	vs.	<i>"That's not my job"</i>
<i>"I can fix this for you"</i>	vs.	<i>"It's our mistake"</i>
<i>"I will follow up with you"</i>	vs.	<i>"Call me back"</i>
- Address the customer respectfully
 - Mr. Smith/Miss Jones

Phone Etiquette

- Other Phone Actions
 - Transferring Calls
 - Placing the caller on hold
 - Leaving a message
 - With a person
 - On a machine



Phone Etiquette

- Ending the call
 - Conclude on a positive note
 - Repeat actions to be taken by you AND the caller
 - Timeframes
- Follow-up

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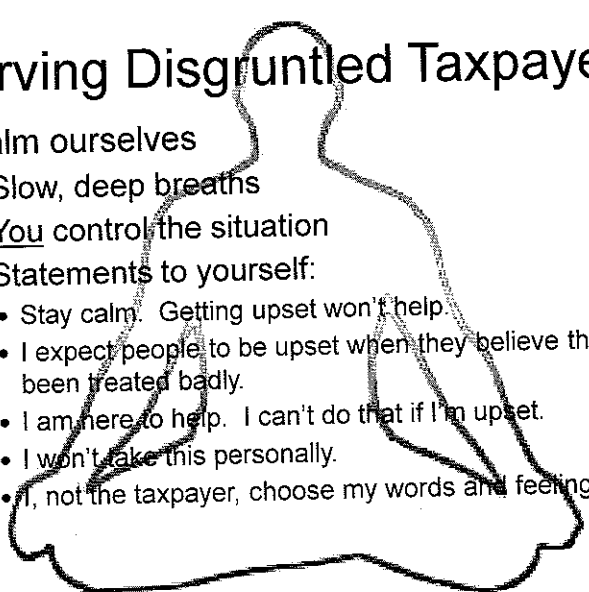
Serving Disgruntled Taxpayers

Consumer Survey

- | | | |
|-------|------|-----------------------------------|
| • 70% | want | Apology |
| • 72% | | Tell their story or express anger |
| • 78% | | Explanation |
| • 83% | | Assurance mistake not repeated |
| • 84% | | Service or repair |
| • 69% | | Thank you for your business |
| • 57% | | Money back |

Source: Customer Care Measurement & Consulting and Arizona State University (2007)

Serving Disgruntled Taxpayers

- 
- Calm ourselves
 - Slow, deep breaths
 - You control the situation
 - Statements to yourself:
 - Stay calm. Getting upset won't help.
 - I expect people to be upset when they believe they have been treated badly.
 - I am here to help. I can't do that if I'm upset.
 - I won't take this personally.
 - I, not the taxpayer, choose my words and feelings.

Serving Disgruntled Taxpayers

Steps to Calm a Taxpayer

- Listen
 - Do not argue or interrupt
- Empathize
 - The Golden Rule
- Validate
 - State the facts of the situation
- Apologize



Serving Disgruntled Taxpayers

DO:

- Be polite
- Apologize
- Speak slowly and softly
 - Control
- Give them something they want

DO NOT:

- Challenge the taxpayer
- Wander off topic
- Participate in fault finding
- Let your personal feelings get in the way

IC 700: 2013 Corporate Tax Update Class

Increased Phone Calls

Top 5 Reasons for Phone Calls in the Division of Corporate Tax:

1. Collections Inquiries
These calls consist of taxpayers wanting an explanation on an existing case in Collections. Oftentimes it is regarding delinquency notices that have been issued by Collections. This Division also gets a lot of calls transferred from Collections about the notices that were issued. Management of the Division of Corporation Tax and the Division of Collections communicate as necessary regarding these reoccurring issues to help reduce the frequency of these calls.
2. Doing Business in Kentucky
These questions generate from the relationship between DOR and the Secretary of State's Office. Subjects include Letters of Good Standing, whether or not a company has nexus in Kentucky, the appropriate form to use, and questions about K-1s and non-resident withholding.
3. Existing Business Tax Accounts
Questions about existing business accounts include inquiries about tax due dates, a Corporation/LLET Account Number, payment verification, and how to dissolve an account.
4. Refunds
Refund questions usually involved requests for the status of a refund and why the check amount is different from the amount requested. We should anticipate an increased call volume on the status of refunds since taxpayers will be e-filing 720 returns and expecting a faster turnaround time on receipt of their refund. There will probably be a lot of calls about direct deposit of refunds too, which is currently unavailable.
5. Economic Tax Credits
Taxpayers calling with tax credit questions oftentimes want to know if they qualify for a particular credit and how they go about claiming a credit.

No Pay Billing Initiative

This filing season, expect calls on the No Pay Initiative which has been automatically billing taxpayers. Numerous taxpayers are calling in for an explanation on the bill. Oftentimes once the bill is explained to them, they understand and will either pay the bill or check their records for what they believe is a missed payment.

Sometimes the bill misses a payment. If a taxpayer calls about a bill, check their account to make sure this did not happen. If it did, we need a copy of the canceled check reflecting the 7 digit validating number. This will allow us to locate the payment and maintenance the bill.

Also expect more calls with questions on e-filing. How to e-file, where to e-file, which companies are eligible for e-file this year, processing times for refunds, problems with submission of the return, etc.

Electronic Filing of Form 720

Tax year 2013 will be the first year that taxpayers have the opportunity to electronically file a Form 720, Kentucky Corporation Income Tax and LLET Return. Any corporation who files a separate Form 720 is eligible. However, any mandatory nexus returns with Form 851-K, Schedule KCR, Schedule A-N, and Schedule CR are NOT accepted.

The taxpayer can use the following software to e-file the return:

Any IRS approved software provider upon completion of testing with the Kentucky Department of Revenue.

E-file is projected to go live on March 1, 2014. The Department of Revenue will be using the Modernized E-File system (MeF) that the IRS uses. Once the return is submitted via a vendor's software, it will be viewable in Fasttrieve within 24 to 48 hours.

Payments – Payment made electronically with the return are Automatic Clearing House (ACH) payments. We do not allow any international ACH payments. The payment MUST match the Total Payment amount due on the Tax Payment Summary section of Form 720 (bottom of page 1). If the two do not match, the payment is rejected, but the return is not necessarily rejected.

The payment is automatically debited from either a checking or savings account, as directed by the taxpayer on Form 8879(C)-K, Kentucky Corporation or Pass-Through Entity Tax Return Declaration For Electronic Filing. The payment cannot be future dated. The payment will post when the return is accepted. If the electronic payment is rejected or if the taxpayer wants to submit payment via check or money order, they should send in payment with Form 720-V, Electronic Filing Payment Voucher.

Submission - Remember that a copy of the Federal return is required for all returns, including e-filed returns. Taxpayers should allow two (2) business days to receive acknowledgement of return submission. They need to contact Dawn Terry at (502) 564-7964, not Corporate Tax, if they have issues with submission.

Signature – The taxpayer can use the same Personal Identification Number (PIN) signature as they use for their federal return on their Kentucky e-filed return. Form 8879(C)-K **MUST** be attached. They do not need to mail this in to us. They are required to keep a copy for their records and the information is electronically submitted to us.

Refunds – No refunds will be direct deposited. They will be sent out using the current procedures established for corporate tax return refund requests. Taxpayers who e-file their 720 and request a refund will see their refunds 3 to 4 months faster than paper filers.

Enterprise Electronic Payment System (EEPS)

The Enterprise Electronic Payment System (EEPS) replaced the E-Pay system on January 30, 2014. This system allows taxpayers to pay their bills online with a credit card, debit card, or ACH payment. They can ensure that their payment is applied to a specific case number, notice number, or tax account number. This system can be used for all tax types, including Corporate Income Tax, Limited Liability Entity Tax, and Non-Resident Withholding Tax.

The fee for using a credit card is 2.75% of the payment amount. Debit cards have a \$1.00 fee attached. ACH payments are free. Any recurring payments must be set up as an ACH payment.

You can access EEPS and the User Manual from the KREW website. You should have "Viewer" access which allows you to have a read-only access to the system. Take a few minutes to review the tutorial once you return to your workstation.

Taxpayers can access EEPS at www.revenue.ky.gov, E-Payment Options, and clicking on "E-Payments – Credit Cards and ACH Debits" at the bottom of the page.

Same-Sex Marriage Filing

Recent United States Supreme Court decisions and the IRS Revenue Ruling issued thereafter have resulted in changes in the filing status for certain same-sex couples for federal income tax purposes. If a same sex couple lives in Kentucky and has been married in a state that recognizes such unions, their filing status will be "married filing jointly" or "married filing separately" for Federal income tax purposes. However, this change in federal tax treatment has no effect on same-sex couples for state tax purposes at this time. In 2004, the Constitution of the Commonwealth of Kentucky was amended to prohibit the recognition of same-sex marriages. (Section 233A) Therefore, same-sex couples legally married in a different state will still be required to file separate Kentucky income tax returns. Each taxpayer must provide the same federal income tax information on the Kentucky State Return that would have been provided prior to the issuance of Internal Revenue Service Revenue Ruling 2013-17, 2013-38 I.R.B. 201 (August 30, 2013).

Following the federal developments, three lawsuits have been filed in Kentucky challenging the constitutionality of both Kentucky's amendment and its statutory prohibition against same-sex marriage. Those cases are all in very preliminary stages. Rulings in those cases could alter this guidance, and if so, additional information will be provided at that time.

Additional guidance concerning Schedule A deductions:

Each deduction on the Federal Form 1040 Schedule A return that is claimed jointly shall be separated in accordance with individual ownership, expenses, and/or charitable gifts when filing a Kentucky income tax return and reported on the individual's single return. Itemized deductions related to joint ownership should be separated by agreement or some other acceptable method of division between the two parties.

Revocation or Denial of Professional Licenses, Driver's Licenses, or Motor Vehicle Registrations
KRS 131.1817

This new procedure was effective July 1, 2013. KRS 131.1817 allows the Department of Revenue, in conjunction with the appropriate agency, board, commission or Transportation Cabinet to deny or revoke a delinquent taxpayer's professional license (CPAs, attorneys, doctors, and the like), driver's license, and existing motor vehicle registration. We can also deny a taxpayer's ability to register or renew a motor vehicle.

The revocation procedure is only used in late stage delinquencies. They receive a Certified Important Notice Letter prior to any denial or revocation action taking place. By statute, this letter must be sent 20 days before any revocation or denial takes place. However, Collections is advising taxpayers that action must be taken within 30 days of the letter.

In order to not be in danger of losing a license or motor vehicle registration, the taxpayer must either: 1) pay the liability in full or 2) make a pay agreement and stay current on it.

There are a few instances in which the taxpayer will not be affected by a license suspension, denial or revocation. These are as follows:

- Notice of Tax Due still has a protest period
- Timely protest was filed and resolution is ongoing
- Bankruptcy
- Making payments under an approved payment agreement
- Making payment under an agreed judgment through the court
- Enterprise collection debt
- Property taxes at the local level

If you receive calls on this and the taxpayer needs more details than are provided here, please direct them to Collections at (502) 564-4921 Extension 5828.

INTERNAL NOTE: This procedure can only be enforced on taxes which directly affect a taxpayer and for which an individual is directly responsible. These are mainly Individual Income Taxes, Sales & Use Taxes, Withholding Taxes, and Tangible Property Taxes. The procedure is not enforceable on Corporate Income Tax and LLET debts since the entity protects individuals from personal liability for the entity's obligations. An individual doctor's license to practice medicine, for example, cannot be revoked if the medical office owes delinquent taxes.

Encourage the taxpayer to go ahead and start a pay agreement to work toward resolving the issue so further collection actions do not ensue.

New Forms

Schedule COGS

Schedule COGS (Cost of Goods Sold) is for taxpayers who base their LLET on Gross Profits instead of Gross Receipts. If they have an amount on Schedule LLET, Section A, Line 4, they **must** attach Schedule COGS to show an itemized list of the amounts included in their total.

DOR's position is that nothing should be included in Cost of Goods Sold other than Direct Materials and Direct Labor. The items listed on Schedule COGS should be clear enough that we can determine whether or not the item is truly Direct Materials or Direct Labor.

This schedule was created to reduce the time delay of contacting a taxpayer for additional information regarding COGS and the taxpayer having to provide additional information after submission of the tax return. We hope the taxpayer will use this schedule and increase efficiency in this compliance area.

Schedule FD

Schedule FD (Food Donation) was created this year for the new credit established in KRS 141.392. This is a 4 year, nonrefundable credit for donating "edible agricultural products" (fruits, vegetables, beef, poultry, pork, fish, or any other edible product raised or grown in Kentucky that is intended for and fit for human consumption) to a nonprofit food program. The credit is for 10% of the value of the donated product.

Persons qualified for this credit are those responsible for and deriving income from growing fruits, vegetables, or other edible agricultural products; or raising beef, poultry, pork, fish, or other edible agricultural products. A "nonprofit food program" is a surplus food collection and distribution program operated and established to collect donated food for redistribution to persons in need. It is recognized as exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

The value of the donation is based first on previous sales of the same product. If there were no previous sales, the value is based on fair market value of the donated product.

Schedule FD must be filled out at the time of donation by the donor and the donee. The donor will fill out a Schedule FD for each separate donation made.

Schedules FON, FON-SP, and FON-T

Schedule FON is used by a corporation which has a farm operation networking project (FON) approved by the Cabinet for Economic Development as provided by KRS 141.410 to 141.414. This schedule allows the entity to determine the credit allowed against corporation income tax and LLET attributable to a project.

The annual tax credit shall be available for the first five (5) years that the farming operation is involved in the networking project. The annual tax credit shall be equal to the approved costs incurred by the qualified farming operation during the tax year and shall not exceed the income, Kentucky gross

profits or Kentucky gross receipts, as the case may be, of the qualified farming operation generated by or arising out of the qualified farming operation's participation in a networking project.

"Approved costs" are those incurred during the taxable year by a qualified farming operation for training and improving the skills of managers and employees involved in a networking project. A "business network" means a formalized, collaborative mechanism organized by and operating among three (3) or more qualified farming operations, industrial entities, business enterprises, or private sector firms for the purposes of, but not limited to: pooling expertise; improving responses to changing technology or markets; lowering the risks to individual entities of accelerated modernization; encouraging new technology investments, new market development, and employee skills improvement; and developing a system of collective intelligence among participating entities.

Form 8879(C)-K

This form will be part of the electronic filing of Form 720. The taxpayer will keep this form for their records. It allows them to have a record of the income and tax liabilities reported on their e-filed return. Since Form 720 is the only one that can be e-filed currently, Section A is the only one that will be seen. The rest will be available as those returns are able to be e-filed.

The taxpayer also has a record of which account number they used to pay any tax due. The full amount of tax due must be paid if they choose this direct debit method of payment.

Finally, the taxpayer has a record of the authorized representative who signed the e-filed return, the signature of the Electronic Return Originator (ERO), and the signature of the preparer.

Form 720-V

The 720-V Electronic Payment Voucher will allow a taxpayer to e-file their 720 return and send in a payment instead of paying with direct debit at the time of filing. There are no color coded envelopes for this voucher at this time.

K-1 Submission

When taxpayers submit K-1s with a return, they may send them on a CD in Excel format. If they are submitting 100 or more K-1s with a return, the electronic format is highly encouraged, but not mandatory. If taxpayers call with questions about K-1 submissions, please encourage them to send the information on a CD.

A new format option, Comma Delimited Format, is in the works. If this format becomes available as an avenue for taxpayers to submit their K-1s, management will inform you.

Federal Changes

S Corporation Elections

IRS Revenue Procedure 2013-30 gives simplified methods for taxpayers to request relief for late S Corporation elections, Electing Small Business Trusts (ESBT) elections, Qualified Subchapter S Trusts (QSST) elections, QSub elections, and late corporate classification elections which the taxpayer intended to take effect on the same date that the taxpayer intended that an S corporation election for the entity should take effect.

Normally, S corporations make that election during the preceding taxable year or before the 15th day of the 3rd month of the taxable year. If they have reasonable cause and it is within 3 years and 75 days of the missed election date, they can get relief and request a late election.

The attached flowcharts show the scenarios in which the different S corporations may be entitled to relief for the late election. If they do not meet the criteria, they will need to get a private letter ruling from the IRS.

S Corporation Basis

When an S corporation donates appreciated property to charity during tax years 2012 and 2013, each shareholder's basis in the corporation is reduced only by his or her pro rata share of the corporation's basis in the property, not by the property's fair market value. The lookback period for application of the built-in gains tax when gains are recognized by an S corporation that formerly was taxed as a C corporation remains at 5 years for gains recognized in 2012 and 2013. In 2014, without further legislation, it will revert back to 10 years.

Because Kentucky follows the Internal Revenue Code (IRC) as of December 31, 2006, this period has remained 10 years for Kentucky purposes and thus requires a Federal/State adjustment. If no Federal legislation changes are made in 2014, the adjustment will no longer be necessary.

Mileage Rates

As of January 1, 2014, the standard mileage rate for the use of a car, van, pickup truck or panel truck is:

- 56 cents per mile for business driven miles
- 23.5 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The business, medical, and moving expense rates decreased one-half cent from the 2013 rates. The charitable rate is based on statute.

IRS Fast Track Settlement Program

The Fast Track Settlement Program is designed to help small businesses and self-employed individuals who are under examination by the Small Business/Self Employed Division of the IRS. The program issues alternative dispute resolution techniques to help taxpayers save time and avoid a formal administrative appeal or lengthy litigation. As a result, audit issues can usually be resolved within 60 days rather than months or years.

The taxpayer or the IRS may initiate Fast Track.

Small Employer Health Insurance Credit

The small employer health insurance credit provides that the maximum credit is phased out based on the employer's number of full-time equivalent employees in excess of 10 and the employer's average annual wages in excess of \$25,000 for 2013. This goes up to \$25,400 for 2014. Small businesses eligible for this credit must have assets of \$10 million or less.

Home Office Deduction

The home office deduction has gone to a new method of calculation. The taxpayer can deduct \$5.00 per square foot of home space that is used for a home office. The limitation is 300 square feet.

Reject Code	Reject Code Description	Error Category
F720-0001	Tax period begin date listed on Form 720 cannot be after 12/31/2013.	Validation Error
F720-0002	Time span between taxable period beginning and ending date cannot be greater than 53 weeks.	Validation Error
F720-0003	Tax period end date listed on Form 720 cannot be before 1/1/2013.	Validation Error
F720-0004	Kentucky Corporation/LLET Account Number listed on Form 720 cannot be verified.	Validation Error
F720-0005	LLET Nonfiling Status Code listed on Form 720 is invalid.	Mismatch Data
F720-0006	Schedule LLET is not attached to the return.	Missing form
F720-0010	Income Tax Nonfiling Status Code listed on Form 720 is invalid.	Mismatch Data
F720-0011	FEIN listed on Form 720 doesn't match Kentucky Department of Revenue records.	Validation Error
F720-0013	Form 720, Part I, line 2 has an amount present and Schedule RC-R is not attached.	Missing form
F720-0014	Form 720, Part I, line 4 does not match total of all 765 K-1's, line 56 and 765GP K-1's, line 59.	Mismatch Data
F720-0015	Form 720, Part I, line 5 has an amount present and Schedule TCS is not attached.	Missing form
F720-0016	Form 720, Part I, line 6 should be equal to the greater of 720, Part I, line 1 plus line 2 less lines 4 and 5, or \$175	Math error
F720-0017	Form 720, Part I, line 7 should be equal to the total of all PTE-WH's, line 9.	Math error
F720-0018	Form 720, Part I, line 7 has an amount present and no PTE-WH's are attached.	Missing form
F720-0019	Form 720, Part I, line 12 should be equal to prior year Form 720, Part I, line 19.	Math error
F720-0020	Form 720, Part I, line 13 should be equal to 720 Part II, line 17.	Math error
F720-0021	Form 720, Part I, line 16 should be equal to the sum of 720, Part I, lines 6 and 15, less the total of lines 7 through 14, or zero.	Math error
F720-0022	Form 720, Part I, line 17 should be equal to the sum of 720, Part I, lines 6 and 15, less the total of lines 7 through 14, or zero.	Math error
F720-0023	Form 720, Part I, line 20 should be equal to line 17 less Lines 18 and 19.	Math error
F720-0024	Form 720, Part II, line 1 should be equal to 720, Part III, line 25 multiplied by rates. Rates are 4% of first \$50,000 of taxable net income, 5% of the amount between \$50,000 and \$100,000, and 6% of the amount over \$100,000.	Math error
F720-0025	Form 720, Part II, line 2 has an amount present and Schedule RC-R is not attached.	Missing form
F720-0026	Form 720, Part II, line 6 should be equal to 720, Part I, line 6 less \$175 or 0, whichever is greater.	Math error
F720-0027	Form 720, Part II, line 7 has an amount present and no Schedule TCS is attached.	Missing form
F720-0028	Form 720, Part II, line 8 should be equal to line 4 less lines 5 through 7, but not less than zero.	Math error
F720-0029	Form 2220-K indicator is checked on Form 720 and form 2220-K is not attached.	Missing form
F720-0030	Form 720, Part II, line 11 should be equal to prior year Form 720, Part II, line 18.	Incorrect Data
F720-0031	Form 720, Part II, line 12 should be equal to 720, Part I, line 18.	Math error
F720-0032	Form 720, Part II, line 15 should be equal to the sum of 720, Part II, lines 8 and 14, less the total of lines 9 through 13, or zero.	Math error
F720-0033	Form 720, Part II, line 16 should be equal to the sum of 720, Part II, lines 8 and 14, less the total of lines 9 through 13, or zero.	Math error
F720-0034	Form 720, Part II, line 19 should be equal to 720, Part II, line 16, less lines 17 and 18.	Math error

Reject Code	Reject Code Description	Error Category
F720-0035	LLET due amount on the summary section of Form 720 should be equal to 720, Part I, line 16.	Math error
F720-0036	Income tax due on the summary section of Form 720 should be equal to 720, Part II, line 15.	Math error
F720-0037	Total payment listed on the summary section of Form 720 should be equal to the total of: LLET due, LLET penalty, LLET interest, Income tax due, Income tax penalty, and Income tax interest.	Math error
F720-0038	Form 720, Part III, line 1 should be equal to Federal 1120, line 28.	Mismatch Data
F720-0039	Form 720, Part III, line 6 has an amount present and Schedule RPC is not attached.	Missing form
F720-0040	Form 720, Part III, line 8 should be equal to Federal 1120, line 25.	Mismatch Data
F720-0041	Form 720, Part III, line 9 has an amount present and Schedule O is not attached.	Missing form
F720-0042	Form 720, Part III, line 10 has an amount present.	Incorrect Data
F720-0043	Form 720, Part III, line 11 should be equal to the sum of 720, Part III, lines 1 through 10.	Math error
F720-0044	Form 720, Part III, line 15 has an amount present and Kentucky Form 4562 is not attached.	Missing form
F720-0045	Form 720, Part III, line 16 has an amount present and Schedule O is not attached.	Missing form
F720-0046	Form 720, Part III, line 17 has an amount present.	Incorrect Data
F720-0047	Form 720, Part III, line 18 should be equal to 720, Part III, line 11, less lines 12 through 17.	Math error
F720-0048	Form 720, Part III, line 19 has an amount present and Schedule NOL is not attached.	Missing form
F720-0049	Form 720, Part III, line 20 should be equal to the sum of 720, Part III, lines 18 and 19.	Math error
F720-0050	Form 720, Part III, line 21 is not equal to 720, Part III, line 20 and Kentucky Schedule A is not attached.	Missing form
F720-0051	Form 720, Part III, line 22 has an amount present and Schedule NOL is not attached.	Missing form
F720-0052	Form 720, Part III, line 23 should be equal to 720, Part III, line 21 less line 22.	Math error
F720-0053	Form 720, Part III, line 24 has an amount present and Schedule 8903-K is not attached.	Missing form
F720-0054	Form 720, Part III, line 25 should be equal to 720, Part III, line 23 less line 24.	Math error
F720-0055	Schedule Q, question 7 has "Yes" box checked and Schedule RPC is not attached.	Missing form
F720-0056	Alternative 1120 present, KYDOR is not accepting Alternative 1120's at this time.	Validation Error
SA-0001	The first box on the Schedule A is checked and Schedule A-C is not attached.	Missing form
SA-0002	The second box on the Schedule A is checked and Schedule A-N is not attached.	Missing form
SA-0003	Schedule A, Section I, line 3 should be equal to Section I, line 1 divided by line 2; multiplied by 100.	Math error
SA-0004	Schedule A, Section I, line 4 should be equal to Section I, line 3 multiplied by 2.	Math error
SA-0005	Schedule A, Section I, line 5 should be equal to Section III, line 9.	Math error
SA-0006	Schedule A, Section I, line 6 should be equal to Section IV, line 9.	Math error
SA-0007	Schedule A, Section I, line 7 should be equal to Section I, line 5 divided by line 6; multiplied by 100.	Math error
SA-0008	Schedule A, Section I, line 10 should be equal to Section I, line 8 divided by line 9; multiplied by 100.	Math error
SA-0009	Schedule A, Section I, line 11 should be equal to the sum of Section I, lines 4, 7, and 10.	Math error
SA-0010	Schedule A, Section I, line 12 should be equal to Section I, line 11 divided by 4 (or the number of factors present). If Schedule A, Section 1, line 2 equals 0 (or blank) reduce divisor by 2; and/or if Schedule A, Section I, line 6 equals 0 (or blank) reduce divisor by 1; and/or if Schedule A, Section I, line 9 equals 0 reduce divisor by 1.	Math error

Reject Code	Reject Code Description	Error Category
SA-0011	Schedule A, Section II, line 1 should equal Form 720, Part III, line 20.	Mismatch Data
SA-0012	Schedule A, Section II, line 2e should be equal to the sum of Section II, lines 2a, 2b, 2c, and 2d.	Math error
SA-0013	Schedule A, Section II, line 3 should be equal to Section II, line 2e, minus line 2f.	Math error
SA-0014	Schedule A, Section II, line 4 should be equal to Section II, line 1, minus line 3.	Math error
SA-0015	Schedule A, Section II, line 5 should be equal to Section II, line 4 multiplied by (Section I, line 12 divided by 100).	Math error
SA-0016	Schedule A, Section II, line 6e should be equal to the sum of Section II, lines 6a, 6b, 6c, and 6d.	Math error
SA-0017	Schedule A, Section II, line 7 should be equal to Section II, line 6e, minus line 6f.	Math error
SA-0018	Schedule A, Section II, line 8 should be equal to the sum of Section II, lines 5 and 7.	Math error
SA-0019	Schedule A, Section II, line 8 should be equal to 720, Page 2, Part III, line 21.	Mismatch Data
SA-0020	Schedule A, Section III, line 6A should be equal to the sum of Section III, lines 1A, 2A, 3A, 4A, and 5A.	Math error
SA-0021	Schedule A, Section III, line 6B should be equal to the sum of Section III, lines 1B, 2B, 3B, 4B, and 5B.	Math error
SA-0022	Schedule A, Section III, line 7B should be equal to (Section III, line 6A, plus line 6B) divided by 2.	Math error
SA-0023	Schedule A, Section III, line 9B should be equal to the sum of Section III, lines 7 and 8.	Math error
SA-0024	Schedule A, Section IV, line 6A should be equal to the sum of Section IV, lines 1A, 2A, 3A, 4A, and 5A.	Math error
SA-0025	Schedule A, Section IV, line 6B should be equal to the sum of Section IV, lines 1B, 2B, 3B, 4B, and 5B.	Math error
SA-0026	Schedule A, Section IV, line 7B should be equal to (Section IV, line 6A, plus line 6B) divided by 2.	Math error
SA-0027	Schedule A, Section IV, line 9B should be equal to the sum of Section IV, lines 7 and 8.	Math error
SAC-0001	Schedule A-C, line 1 in the "Total" column should be equal to Schedule A, Section 1, Line 1.	Mismatch Data
	Schedule A-C, line 1 in the "Total" column should be equal to the sum of line 1 for every column (except the "Total" column) on the Schedule A-C	Math error
SAC-0002	Schedule A-C, line 2 in the "Total" column should be equal to Schedule A, Section 1, Line 2.	Math error
SAC-0003	Schedule A-C, line 2 in the "Total" column should be equal to the sum of line 2 for every column (except the "Total" column) on the Schedule A-C	Math error
SAC-0004	Schedule A-C, line 5 in the "Total" column should be equal to Schedule A, Section 1, Line 5.	Mismatch Data
SAC-0005	Schedule A-C, line 5 in the "Total" column should be equal to the sum of line 5 for every column (except the "Total" column) on the Schedule A-C	Math error
SAC-0006	Schedule A-C, line 6 in the "Total" column should be equal to Schedule A, Section 1, Line 6.	Mismatch Data
SAC-0007	Schedule A-C, line 6 in the "Total" column should be equal to the sum of line 6 for every column "except the "Total" column) on the Schedule A-C	Math error
SAC-0008	Schedule A-C, line 8 in the "Total" column should be equal to Schedule A, Section 1, Line 8.	Mismatch Data
SAC-0009	Schedule A-C, line 8 in the "Total" column should be equal to the sum of line 8 for every column "except the "Total" column) on the Schedule A-C	Math error
SAC-0010	Schedule A-C, line 9 in the "Total" column should be equal to Schedule A, Section 1, Line 9.	Math error
SAC-0011	Schedule A-C, line 9 in the "Total" column" should be equal to the sum of line 9 for every column "except the "Total" column) on the Schedule A-C	Math error
SAC-0012		Math error

Reject Code	Reject Code Description	Error Category
SAC-0013	The FEIN listed on the Schedule A-C for "Subsidiary" does not match the Kentucky Department of Revenue records.	Validation Error
SAC-0014	The Corporate/LLET account number listed on the Schedule A-C for "Subsidiary" does not match the Kentucky Department of Revenue records.	Validation Error
SCOGS-0001	Schedule COGS, "Federal" column, line 1 should be equal to line 1 of the Federal Schedule 1125-A.	Math error
SCOGS-0002	Schedule COGS, "Federal" column, line 2 should be equal to line 2 of the Federal Schedule 1125-A.	Math error
SCOGS-0003	Schedule COGS, Column A, line 2 should be equal to the sum of all Column A line 9.	Math error
SCOGS-0004	Schedule COGS, Column B, line 2 should be equal to the sum of all Column B line 9.	Math error
SCOGS-0005	Schedule COGS, "Federal" column, line 3 should be equal to line 3 of the Federal Schedule 1125-A.	Math error
SCOGS-0006	Schedule COGS, "Federal" column, line 4 should be equal to line 4 of the Federal Schedule 1125-A.	Math error
SCOGS-0007	Schedule COGS, "Federal" column, line 5 should be equal to line 5 of the Federal Schedule 1125-A.	Math error
SCOGS-0008	Schedule COGS, "Federal" column, line 6 should be equal to line 6 of the Federal Schedule 1125-A.	Math error
SCOGS-0009	Schedule COGS, Column A, line 6 should be equal to the sum of Column A, lines 1 through 5.	Math error
SCOGS-0010	Schedule COGS, Column B, line 6 should be equal to the sum of Column B, lines 1 through 5.	Math error
SCOGS-0011	Schedule COGS, "Federal" column, line 7 should be equal to line 7 of the Federal Schedule 1125-A.	Math error
SCOGS-0012	Schedule COGS, "Federal" column, line 8 should be equal to line 8 of the Federal Schedule 1125-A.	Math error
SCOGS-0013	Schedule COGS, "Federal" column, line 2 should be equal to the sum of all "Federal" column lines 9.	Math error
SK1765-0001	The FEIN on the return does not match the Kentucky Department of Revenue records.	Validation Error
SK1765-0002	The Kentucky Corporation/LLET account number is not in the Kentucky Department of Revenue's records.	Validation Error
SK1765-0003	Line 59 should be the difference of lines 57 and 58.	Math error
SK1765GP-0001	The identifying number cannot be located in the Kentucky Department of Revenue's records.	Validation Error
SK1765GP-0002	Line 62 should be equal to the difference of lines 60 and 61.	Math error
SKESA-0001	Schedule KESA, Part III, line 3 should be equal to Sch TCS, Part II, Column E, Line 12, if amount is present.	Mismatch Data
SKESA-0002	Schedule KESA, Part III, line 4 should be equal to Sch TCS, Part II, Column F, Line 12, if amount is present.	Mismatch Data
SLLET-0001	Schedule LLET, Combined Group "Reason Code" is invalid.	Incorrect Data
SLLET-0002	Taxpayer is a member of a combined group and Schedule LLET-C is not attached.	Missing form
SLLET-0003	Schedule LLET, Section A, line 3 (Column A) should be equal to line 1a less line 2a.	Math error
SLLET-0004	Schedule LLET, Section A, line 3 (Column B) should be equal to line 1b less line 2b.	Math error
SLLET-0005	Schedule LLET, Section A, line 5 (Column A) should be equal to line 3a less line 4b.	Math error
SLLET-0006	Schedule LLET, Section A, line 5 (Column B) should be equal to line 3b less line 4b.	Math error
SLLET-0007	Refer to Schedule LLET: If Section A, Column B, line 3 is greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, Line 3 x 0.00095) - (\$2,850 x ((\$6,000,000 - Column A, Line 3)/(\$3,000,000))), or zero, whichever is greater.	Math error
SLLET-0008	Refer to Schedule LLET: If Section A, Column B, line 3 is greater than or equal to \$6,000,000, enter the following: Column A, Line 3 x 0.00095.	Math error

Reject Code	Reject Code Description	Error Category
SLLET-0009	Schedule LLET, Section B, line 4 should be equal to the greater of line 2 or line 3.	Math error
SLLET-0010	Refer to Schedule LLET: If Section A, Column B, line 5 is greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, Line 5 x 0.0075) - (\$22,500 x ((\$6,000,000 - Column A, Line 5) / \$3,000,000)), or zero, whichever is greater.	Math error
SLLET-0011	Refer to Schedule LLET: If Section A, Column B line 5 is greater than or equal to \$6,000,000, enter the following: Column A, Line 5 x 0.0075, or zero, whichever is greater.	Math error
SLLET-0012	Schedule LLET, Section C, line 4 should be equal to the greater of line 2 and line 3.	Math error
SLLET-0013	Schedule LLET, Section D, line 1 should be equal to the lesser of Section B, line 4 or Section C, line 4, but not less than \$175.	Math error
SLLET-0014	Schedule LLET, Section D, line 1 should be equal to 720 page 1, Part I, line 1.	Mismatch Data
SLLET-0015	Gross profits method is being used to determine the amount due on the Schedule LLET and Schedule COGS is not attached.	Missing form
SLLET-0001	Schedule LLET-C, page 1, Section A, Column 1, line 5 should be equal to Section A, Line 1, less lines 2 and 4.	Math error
SLLET-0002	Schedule LLET-C, page 1, Section B, Column 1, line 5 should be equal to Section B, Line 1, less lines 2 and 4.	Math error
SLLET-0003	The FEIN listed on the Schedule LLET-C for "Subsidiary" does not match the Kentucky Department of Revenue records.	Validation Error
SLLET-0004	The Corporate/LLET account number listed on the Schedule LLET-C for "Subsidiary" does not match the Kentucky Department of Revenue records.	Validation Error
SLLET-0009	Schedule LLET-C, page 1, Section A, "Total" column, line 3 should be equal to Schedule LLET, Section A, Column A, line 3.	Math error
SLLET-0010	Schedule LLET-C, page 1, Section A, "Total" column, line 3 should be equal to Section A, line 3 for the parent, member or shareholder & all affiliates on all Schedule(s) LLET-C.	Math error
SLLET-0011	Schedule LLET-C, page 1, Section A, "Total" column, line 5 should be equal to Schedule LLET, Section A, Column A, line 5.	Math error
SLLET-0012	Schedule LLET-C, page 1, Section A, "Total" column, line 5 should be equal to Section A, line 5 for the parent, member or shareholder & all affiliates on all Schedule(s) LLET-C.	Math error
SLLET-0013	Schedule LLET-C, page 1, Section B, "Total" column, line 3 should be equal to Schedule LLET, Section A, Column B, line 3.	Math error
SLLET-0014	Schedule LLET-C, page 1, Section B, "Total" column, line 3 should be equal to Section B, line 3 for the parent, member or shareholder & all affiliates on all Schedule(s) LLET-C.	Math error
SLLET-0015	Schedule LLET-C, page 1, Section B, "Total" column, line 5 should be equal to Schedule LLET, Section A, Column B, line 5.	Math error
SLLET-0016	Schedule LLET-C, page 1, Section B, "Total" column, line 5 should be equal to Section B, line 5 for the parent, member or shareholder & all affiliates on all Schedule(s) LLET-C.	Math error
SNOL-0014	Schedule NOL, Part II, line 2 this line should be equal to form 720, Part 3 line 21.	Mismatch Data

Reject Code	Reject Code Description	Error Category
SNOL-0015	Schedule NOL, Part II, line 3: this line should be equal to Form 720, Part 3 Line 22.	Mismatch Data
SNOL-0016	Schedule NOL, Part II, line 4 should be equal to Line 1 plus line 2, less line 3.	Math error
SO720-0001	There is a value present on Schedule O, Part I, line 1 and Kentucky Schedule D is not attached.	Missing form
SO720-0002	If 1120 line 9 < 0, then line 2 on Schedule O, Part I should be equal to the absolute value of 1120 Line 9, if 1120 line 9 > 0 this line should be zero.	Mismatch Data
SO720-0003	There is a value present on Schedule O, Part I, line 3 and Kentucky Form 4797 is not attached.	Missing form
SO720-0004	Schedule O, Part I, line 5 should be equal to 1120 line 21.	Mismatch Data
SO720-0005	Schedule O, Part I, line 6 should be equal to 1120 line 19.	Mismatch Data
SO720-0006	There is a value present on Schedule O, Part I, line 8 and Form 8810 is not attached.	Missing form
SO720-0007	Schedule O, Part I, line 14 should be equal to the sum of Part I lines 1 through 13.	Math error
SO720-0008	Schedule O, Part I, line 14 should be equal to Form 720, Part III, line 9.	Mismatch Data
SO720-0009	Schedule O, Part II, line 1 should be equal to 1120 line 8.	Mismatch Data
SO720-0010	If 1120 line 9 > 0, then line 2 on Schedule O, Part II should be equal to 1120 Line 9. If 1120 line 9 <= 0, then this line should be equal to zero.	Math error
SO720-0011	There is a value present on Schedule O, Part II, line 3 and Kentucky Form 4797 is not attached.	Missing form
SO720-0012	There is a value present on Schedule O, Part II, line 8 and Form KY 8810 is not attached.	Missing form
SO720-0013	Schedule O, Part II, line 20 should be equal to the sum of Part II lines 1 through 19.	Math error
SO720-0014	Schedule O, Part II, line 20 should be equal to Form 720, Part III, line 16.	Mismatch Data
SRPC-0001	Schedule RPC, Part I, Section D, line 1 should be equal to the sum of Sections A, B and C lines 1.	Math error
SRPC-0002	Schedule RPC, Part II, Section A, line 1 should be equal to Part III, Section A, line 6.	Math error
SRPC-0003	Schedule RPC, Part II, Section A, line 2 should be equal to Part III, Section B, line 5.	Math error
SRPC-0004	Schedule RPC, Part II, Section A, line 3 should be equal to Part III, Section C, line 5.	Math error
SRPC-0005	Schedule RPC, Part II, Section A, line 4 should be equal to Part III, Section D, line 1.	Math error
SRPC-0006	Schedule RPC, Part II, Section A, line 5 should be equal to Part III, Section E, line 1.	Math error
SRPC-0007	Schedule RPC, Part III, Section F, line 1 should be equal to Part II, Section A, line 6.	Math error
SRPC-0008	Schedule RPC, Part II, Section A, line 6 should be equal to Part II, Section A, the sum of lines 1 through 6.	Math error
SRPC-0009	Schedule RPC, Part II, Section A, line 7 should be equal to Part I, Section D, line 1 less Part II, Section A, line 7.	Math error
SRPC-0010	Schedule RPC, Part II, Section B, line 1 should be equal to 720, Part III, line 6.	Math error
SRPC-0011	Schedule RPC, Part III, Section A, line 6 should be equal to Part III, Section A, 'Amount Deducted' column, lines 1 through 5.	Math error
SRPC-0012	Schedule RPC, Part III, Section B, line 5 should be equal to Part III, Section B, 'Amount Deducted' column, lines 1 through 4.	Math error

Reject Code	Reject Code Description	Error Category
SRPC-0013	Schedule RPC, Part III, Section C, line 5 should be equal to Schedule Section C, 'Amount Deducted' column, lines 1 through 4.	Math error
SRRE-0001	Schedule RR-E, Part IV, line 1 should be equal to Sch TCS, Part II, Column E, Line 19, if value is present.	Mismatch Data
SRRE-0002	Schedule RR-E, Part IV, line 2 should be equal to Sch TCS, Part II, Column F, Line 19, if value is present.	Mismatch Data
SRRI-0001	Schedule RR-I, Part III, line 1 should be equal to Sch TCS, Part II, Column E, Line 18, if value is present.	Mismatch Data
SRRI-0002	Schedule RR-I, Part III, line 2 should be equal to Sch TCS, Part II, Column F, Line 18, if value is present.	Mismatch Data
STCS-0001	LLET credit amount is present and project form is not attached.	Missing form
STCS-0002	Farming Operation Networking tax credit amount is present and Schedule FON is not attached.	Missing form
STCS-0003	Unemployment tax credit amount is present and Schedule UTC is not attached.	Missing form
STCS-0004	Recycling/composting equipment tax credit amount is present and Schedule RC is not attached.	Missing form
STCS-0005	Coal conversion tax credit amount is present and Schedule CC is not attached.	Missing form
STCS-0006	Coal incentive tax credit amount is present and Schedule CI is not attached.	Missing form
STCS-0007	Qualified research facility tax credit amount is present and Schedule QR is not attached.	Missing form
STCS-0008	Voluntary environmental remediation tax credit amount is present and Schedule VERB is not attached.	Missing form
STCS-0009	Biodiesel tax credit amount is present and Schedule BIO is not attached.	Missing form
STCS-0010	Environmental stewardship tax credit amount is present and Schedule KESA is not attached.	Missing form
STCS-0011	Clean coal incentive tax credit amount is present and Schedule CCI is not attached.	Missing form
STCS-0012	Ethanol tax credit amount is present and Schedule ETH is not attached.	Missing form
STCS-0013	Cellulosic ethanol tax credit amount is present and Schedule CELL is not attached.	Missing form
STCS-0014	Energy efficiency products tax credit amount is present and Form 5695-K is not attached.	Missing form
STCS-0015	ENERGY STAR home or ENERGY STAR manufactured home tax credit amount is present and Form 8908-K is not attached.	Missing form
STCS-0016	Railroad Maintenance and Improvement tax credit amount is present and Schedule RR-I is not attached.	Missing form
STCS-0017	Railroad expansion tax credit amount is present and Schedule RR-E is not attached.	Missing form
STCS-0018	Endow Kentucky tax credit amount is present and Schedule ENDOW is not attached.	Missing form
STCS-0019	Endow Kentucky tax credit amount should be equal to AMOUNT value on Schedule ENDOW.	Math error
STCS-0020	New Markets Development Program tax credit amount is present and Form 8874(K)-A is not attached.	Missing form
STCS-0021	LLET credits claimed total should be equal to the sum of Schedule TCS, column E, Part I and Part II.	Math error
STCS-0022	LLET credits claimed total should be equal to 720 Part I, line 5.	Mismatch Data
STCS-0023	Corporation Credit Claimed amount is present and project form is not attached.	Missing form
STCS-0024	Total of Economic Development Tax Credits should be equal to the sum of Schedule TCS, Part I lines F1 through F5.	Math error
STCS-0025	Farming Operation Networking tax credit amount is present and Schedule FON is not attached.	Missing form
STCS-0026	Unemployment tax credit amount is present and Schedule UTC is not attached.	Missing form
STCS-0027	Recycling/composting equipment tax credit amount is present and Schedule RC is not attached.	Missing form

Reject Code	Reject Code Description	Error Category
STCS-0028	Coal conversion tax credit amount is present and Schedule CC is not attached.	Missing form
STCS-0029	Coal incentive tax credit amount is present and Schedule CI is not attached.	Missing form
STCS-0030	Qualified research facility tax credit amount is present and Schedule QR is not attached.	Missing form
STCS-0031	Voluntary environmental remediation tax credit amount is present and Schedule VERB is not attached.	Missing form
STCS-0032	Biodiesel tax credit amount is present and Schedule BIO is not attached.	Missing form
STCS-0033	Environmental stewardship tax credit amount is present and Schedule KESA is not attached.	Missing form
STCS-0034	Clean coal incentive tax credit amount is present and Schedule CCI is not attached.	Missing form
STCS-0035	Ethanol tax credit amount is present and Schedule ETH is not attached.	Missing form
STCS-0036	Cellulosic ethanol tax credit amount is present and Schedule CELL is not attached.	Missing form
STCS-0037	Energy efficiency products tax credit amount is present and Form 5695-K is not attached.	Missing form
STCS-0038	ENERGY STAR home or ENERGY STAR manufactured home tax credit amount is present and Form 8908-K is not attached.	Missing form
STCS-0039	Railroad Maintenance and Improvement tax credit amount is present and Schedule RR-I is not attached.	Missing form
STCS-0040	Railroad expansion tax credit amount is present and Schedule RR-E is not attached.	Missing form
STCS-0041	Endow Kentucky tax credit amount is present and Schedule ENDOW is not attached.	Missing form
STCS-0042	Endow Kentucky tax credit amount should be equal to AMOUNT value on Schedule ENDOW.	Math error
STCS-0043	New Markets Development Program tax credit amount is present and Form 8874(K)-A is not attached.	Missing form
STCS-0044	Total corporation tax credits claimed should be equal to sum of Schedule TCS, column F part I and part II.	Math error
STCS-0045	Total corporation tax credits claimed should be equal to 720 Part II, Line 7.	Mismatch Data
KYSUB-0064	A copy of federal return is required for all electronically filed Kentucky returns.	Missing Data
KYSUB-0067	Duplicate return: A previously filed KY tax return has already been filed by the taxpayer for this filing period.	Validation Error
KYSUB-0068	Software Identification Code has not been approved for electronic filing by the Kentucky Department of Revenue.	Validation Error
KYSUB-0100	Schema Failed Validation. See details.	Validation Error
KYSUB-0101	Manifest Data Missing	Validation Error
KYSUB-0102	State Return Data Missing	Validation Error
KYSUB-0103	Invalid Processing Year	Validation Error
KYSUB-0105	We are unable to process your submission due to technical difficulties. Please file a paper return.	Validation Error
KYSUB-0106	Packaging of data and transmission payload must be in the proper format.	Validation Error

SCHEDULE COGS41A720COGS (10-13)
Commonwealth of Kentucky
DEPARTMENT OF REVENUE

Taxable Year Ending

____/____
Mo. Yr.

➤ See instructions.

**LIMITED LIABILITY ENTITY TAX
COST OF GOODS SOLD**

➤ Attach to Form 720, 720S, 725 or 765.

KRS 141.0401(1)

Name of Entity		Federal Identification Number		Kentucky Corporation/LLET Account Number	
		Federal Form 1125-A Cost of Goods Sold		Limited Liability Entity Tax Column A Kentucky Cost of Goods Sold	
				Column B Total Cost of Goods Sold	
1. Inventory at beginning of year	1		00		00
2. Purchases	2		00		00
3. Cost of labor	3		00		00
4. Additional section 263A costs	4		00		00
5. Other costs	5		00		00
6. Total. Add lines 1 through 5	6		00		00
7. Inventory at end of year	7		00		00
8. Cost of goods sold. Subtract line 7 from line 6	8		00		00
9. Detail of purchases on line 2:					
(a)	(a)		00		00
(b)	(b)		00		00
(c)	(c)		00		00
(d)	(d)		00		00
(e)	(e)		00		00
(f)	(f)		00		00
(g)	(g)		00		00
(h)	(h)		00		00
(i)	(i)		00		00
(j)	(j)		00		00
(k)	(k)		00		00
10. Detail of additional section 263A costs on line 4:					
(a)	(a)		00		00
(b)	(b)		00		00
(c)	(c)		00		00
(d)	(d)		00		00
(e)	(e)		00		00
(f)	(f)		00		00
(g)	(g)		00		00
(h)	(h)		00		00
(i)	(i)		00		00
(j)	(j)		00		00
(k)	(k)		00		00
11. Detail of other costs on line 5:					
(a)	(a)		00		00
(b)	(b)		00		00
(c)	(c)		00		00
(d)	(d)		00		00
(e)	(e)		00		00
(f)	(f)		00		00
(g)	(g)		00		00
(h)	(h)		00		00
(i)	(i)		00		00
(j)	(j)		00		00
(k)	(k)		00		00

INSTRUCTIONS — SCHEDULE COGS

If the company is computing its LLET based on gross profits, Schedule COGS, Limited Liability Entity Tax Cost of Goods Sold, must be attached to the applicable tax return.

KRS 141.0401(1)(d)3 provides that for any activity other than manufacturing, producing, reselling, retailing or wholesaling, no costs shall be included in costs of goods sold. Therefore, taxpayers that provide services or sell intangibles are not allowed to compute cost of goods sold for purposes of computing the limited liability entity tax (LLET).

For taxpayers who are engaged in manufacturing, producing, reselling, retailing or wholesaling, KRS 141.0401(1)(d)2 provides that amounts allowable as cost of goods sold must be directly incurred in acquiring or producing a tangible product generating the Kentucky gross receipts. Tangible product means both real and tangible personal property.

Purpose of Schedule—This schedule is used by a corporation or a limited liability pass-through entity to compute its Kentucky cost of goods sold and its total cost of goods sold from all sources for purposes of computing the LLET on gross profits.

Lines 1 through 8—In the Federal Form 1125-A Cost of Goods Sold column, enter the amounts from federal Form 1125-A on Lines 1 through 8.

In Columns A and B, enter on Lines 1 through 8 the cost of goods sold amounts as provided by KRS 141.0401(1) attributable to Kentucky gross receipts and to gross receipts from all sources, respectively.

“Purchases” means only direct materials that are incorporated into the tangible product sold or manufactured.

“Direct labor” means labor that is incorporated into the tangible product sold or is an integral part of the manufacturing process.

“Additional section 263A costs” means only direct material costs as provided by section 263A of the Internal Revenue Code.

“Other costs” means only direct materials that are incorporated into the tangible product sold or manufactured.

Line 9—Enter on Lines (a) through (k) the detail of purchases included on Line 2 of each column. The total of the amounts on Lines (a) through (k) of each column should equal the amount included on Line 2 of each column. If Lines (a) through (k) are not sufficient to include the detail of all purchases, attach a three column schedule listing the detail of the additional purchases.

Line 10—Enter on Lines (a) through (k) the detail of additional section 263A costs included on Line 4 of each column. The total of the amounts on Lines (a) through (k) of each column should equal the amount included on Line 4 of each column. If Lines (a) through (k) are not sufficient to include the detail of all additional section 263A costs, attach a three column schedule listing the detail of the additional section 263A costs.

Line 11—Enter on Lines (a) through (k) the detail of other costs included on Line 5 of each column. The total of the amounts on Lines (a) through (k) of each column should equal the amount included on Line 5 of each column. If Lines (a) through (k) are not sufficient to include the detail of all other costs, attach a three column schedule listing the detail of the additional other costs.

SCHEDULE FD

41A720FD (06-13)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

Taxable Year Ending

____ / ____
Mo. Yr.**FOOD DONATION TAX CREDIT**

► Attach to Form 720, 720S, 725, 740, 740-NP, 741, 765 or 765-GP.

KRS 141.392

Name of Entity (Donor)	Identification Number (SSN or FEIN)	Kentucky Corporation/LLET Account Number (if applicable)
Address (Number, Street, and Room or Suite No.)		City, State and Zip Code

Part I - Information on Donated Food - To be completed by taxpayer making the donation and/or donee

- ☐ Fruits ☐ Vegetables ☐ Beef ☐ Poultry
☐ Pork ☐ Fish ☐ Other edible product _____

	A Description of Donated Food	B Date Donated	C Quantity of Donation	D Fair Market Price Per Unit of Measure	E Fair Market Value (multiply Column C by Column D)
1.					1 00
2.					2 00
3.					3 00
4.					4 00
5.					5 00
6.					6 00
7.	Total fair market value of donation (add Column E, lines 1 through 6)				7 00
8.	Credit percentage				8 10%
9.	Credit amount. Multiply line 7 by line 8. Enter result here and on applicable form or schedule				9 00

Part II - Taxpayer (Donor) Statement

I, the undersigned, declare under the penalties of perjury, that to the best of my knowledge and belief, the information and fair market values included in Part I are true, correct and complete.

Signature of Taxpayer (Donor) _____ Date _____

Type Name and Title of Person Signing This Document _____

Part III - Donee Acknowledgement - To be completed by the charitable organization

I, the undersigned, declare under the penalties of perjury, that this charitable organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, that it operates a surplus food collection and distribution program as defined in KRS 141.392(1)(c), and that I have examined this schedule, and to the best of my knowledge and belief, it is true, correct and complete.

Name of Charitable Organization (Donee)	Employer Identification Number	
Address (Number, Street, and Room or Suite No.)	City, State and Zip Code	
Authorized Signature	Title	Date

INSTRUCTIONS—SCHEDULE FD

PURPOSE OF SCHEDULE—This schedule is used by a taxpayer (donor) who provides free of fee or charge edible agriculture products to a nonprofit food program operating in Kentucky as provided by KRS 141.392.

For taxable years beginning on or after January 1, 2014, but before January 1, 2018, any donor shall be allowed a nonrefundable credit (food donation tax credit) against the tax imposed by KRS 141.020 or 141.040 and 141.0401, with the ordering of credits as provided by KRS 141.0205, in the amount equal to ten percent (10%) of the value of the donated edible agricultural products. A qualified taxpayer claiming the food donation tax credit shall attach this schedule to the applicable tax return.

A qualified taxpayer that is a pass-through entity not subject to the tax imposed by KRS 141.040 shall apply the food donation tax credit against the limited liability entity tax imposed by KRS 141.0401, and shall distribute the amount of the approved tax credit to each partner, member or shareholder based on the partner's, member's or shareholder's distributive share of income as determined for the taxable year during which the tax credit is approved, with the ordering of credits as provided by KRS 141.0205.

A tax credit not used by a qualified taxpayer in the current taxable year may be carried forward for up to four (4) succeeding years.

GENERAL INSTRUCTIONS**Part I – Information on Donated Food**

Check the box that best describes the donated food. If the box for "Other edible product" is checked, describe the product in the space provided.

Lines 1 through 6—Enter the following: Column A, the description of the item of food being donated; Column B, the date donated; Column C, the quantity of the food item; Column D, the fair market price of each unit of measure; and Column E, the total fair market value.

KRS 141.392(3)(b) provides that a donor shall

determine the value of the donated edible agriculture products as follows: (i) if there was a previous sale of the edible agriculture products to a buyer, the donor shall retain a copy of an invoice or other statement identifying the price received by the donor for the edible agriculture products of comparable grade and quality; or (ii) If there is no previous sale to a buyer, the donor shall on the date of the donation, determine the value of the donated edible agriculture products based on the fair market value as determined by average weekly regional produce auction prices or United States Department of Agriculture prices for meat, fish and dairy products.

Line 7—Add Lines 1 through 6.

Line 9—Multiply Line 7 by Line 8, and enter the amount on this line and the applicable tax form or schedule. In order to claim the credit, this schedule must be attached to the applicable tax return.

Part II – Taxpayer (Donor) Statement

The taxpayer (donor) or the representative of the taxpayer shall certify that the information and fair market values included in Part I are true, correct and complete. Enter the date signed, and type the name and title of person signing this document in the spaces provided. Failure to sign the schedule or to provide all information may result in the disallowance of the tax credit.

Part III – Donee Acknowledgement

The representative of the charitable organization (donee) shall certify that the charitable organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, certify that it operates a surplus food collection and distribution program as defined in KRS 141.392(1)(c), and certify that the information included in the schedule is true, correct and complete. Enter the name, Employer Identification Number, and address of the charitable organization in the spaces provided. Also, enter the title of person signing this document and the date in the spaces provided. Failure to sign the schedule or to provide all information may result in the disallowance of the tax credit.

SCHEDULE FON

41A720-S56 (10-13)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

For taxable year ended

____/____/____
Mo. Yr.**TAX CREDIT COMPUTATION SCHEDULE
(FOR A FON PROJECT OF A CORPORATION)**

KRS 141.410 to 141.414

➤ See instructions.

➤ Attach to Form 720.

Name of Corporation	Federal Identification Number _____	Kentucky Corporation/LLET Account Number _____
Location of Project	Activation Date of FON Incentive Agreement ____/____/____ Mo. Day Yr.	Farming Operation Networking Project Number _____
City _____ County _____		

PART I—Computation of LLET Excluding FON Project

1. LLET from Form 720, Part I, line 1	1	00
2. LLET on FON project (see instructions)	2	00
3. LLET excluding LLET on FON project (line 1 less line 2)	3	00

PART II—Computation of Taxable Net Income Excluding Net Income from FON Project and FON Tax Credit**Section A—Computation of Corporation Tax**

1. Enter income tax from Form 720, Part II, line 1	1	00
2. LLET of corporation (Part I, line 1)	2	00
3. LLET credit allowed (line 2 less \$175, but not more than line 1)	3	00
4. Total corporation tax (lines 1 and 2 less line 3)	4	00

Section B—Computation of Tax Excluding FON Project

1. Enter taxable net income from Form 720, Part III, line 25	1	00
2. Enter net income from FON project; if loss, enter -0-	2	00
3. Taxable net income excluding net income from FON project (line 1 less line 2). If line 2 is greater than line 1, enter -0-	3	00
4. Corporation income tax on amount from line 3:		

	Taxable Net Income	Rate	Tax	
(a) First \$50,000		X 4%		00
(b) Next \$50,000		X 5%		00
(c) All income over \$100,000		X 6%		00
(d) Total income tax liability excluding FON project (add lines 4(a) through 4(c))				4(d) 00

5. LLET excluding LLET on FON project (Part I, line 3)	5	00
6. Enter LLET from line 5 less \$175, but not more than line 4(d)	6	00
7. Total tax excluding FON project (lines 4(d) and 5 less line 6)	7	00
8. Total tax attributable to FON project (Section A, line 4 less Section B, line 7) Continue to Part III and enter this amount on Part III, line 1	8	00

PART III—Limitation

1. Enter tax liability attributable to FON project from Part II, Section B, line 8	1	00
2. Enter limitation from Schedule FON-T, Column D	2	00
3. Allowable FON tax credit (lesser of line 1 or line 2)	3	00

Enter allowable credit on Schedule TCS, Part II, Column E and Column F

INSTRUCTIONS—SCHEDULE FON

The FON tax credit is applied against the corporation income tax imposed by KRS 141.040 and/or the limited liability entity tax (LLET) imposed by KRS 141.0401. The amount of tax credit against each tax can be different; however, for tracking purposes, the maximum amount of credit used against either tax is the amount that is used for the tax year.

PURPOSE OF SCHEDULE—This schedule is used by a corporation which has a farm operation networking project (FON) approved by the Cabinet for Economic Development as provided by KRS 141.410 to 141.414, to determine the credit allowed against the Kentucky corporation income tax and LLET attributable to the project in accordance with KRS 141.412. The annual tax credit shall be available for the first five (5) years that the farming operation is involved in the networking project. The annual tax credit shall be equal to the approved costs incurred by the qualified farming operation during the tax year and shall not exceed the income, Kentucky gross profits or Kentucky gross receipts, as the case may be, of the qualified farming operation generated by or arising out of the qualified farming operation's participation in a networking project

GENERAL INSTRUCTIONS**Part I—Computation of LLET Excluding FON Project**

Line 2—Using Schedule LLET, create a new Schedule LLET to compute the LLET of the FON project using only the Kentucky gross receipts and Kentucky gross profits of the project. Enter "FON" at the top center of the Schedule LLET and attach it to the tax return.

If the corporation has operations other than the FON project, it must attach schedules reflecting the computation of Kentucky gross profits and Kentucky gross receipts from the FON project in accordance with KRS 141.414(4)(b)** or KRS 141.414(5)(b).****

Part II—Computation of Taxable Net Income Excluding Net Income from FON Project and FON Tax Credit**Section B**

Line 2—Enter net income for the FON project. If the corporation's only operation in Kentucky is the FON project, the amount entered on Line 1 must be entered on Line 2. If the corporation has operations other than the FON project, it must attach schedules reflecting the computation of the net income from the FON project in accordance with KRS 141.414(4)(a)* or KRS 141.414(5)(a).***

See form for computation.

Part III—Limitation

Calculate the FON tax credit based on the corporation's tax liability, tax liability attributable to the FON project, and the credit limitation from Schedule FON-T. Enter credit on Schedule TCS, Part II, Column E and Column F.

A corporation with more than one farming operation networking project must separately compute the tax credit derived from each project. Complete an applicable schedule for each project and attach a copy

of the certification(s) from the Cabinet for Economic Development.

Alternative Methods—In accordance with KRS 141.414(6), if the approved company can show that the nature of the operations and activities of the approved company are such that it is not practical to use separate accounting to determine net income, Kentucky gross receipts or Kentucky gross profits from the operation at which the project is located, the approved company shall determine net income, Kentucky gross receipts or Kentucky gross profits attributable to the project using an alternative method approved by the Department of Revenue. Thus, if any method other than separate accounting is used, **a copy of the letter from the Department of Revenue approving the alternative method must be attached to this schedule.**

* In accordance with KRS 141.414(4)(a), if the project is a separate operation, net income attributable to the project shall be determined by the separate accounting method.

** In accordance with KRS 141.414(4)(b), if the project is a separate operation, Kentucky gross receipts or Kentucky gross profits attributable to the project shall be determined under the separate accounting method reflecting only the Kentucky gross receipts or Kentucky gross profits directly attributable to the operation.

*** In accordance with KRS 141.414(5)(a), if the FON project is an expansion to a previously existing operation, net income attributable to the entire operation shall be determined under the separate accounting method and the net income attributable to the FON project shall be determined by apportioning the separate accounting net income of the entire operation to the FON project income using a formula approved by the Department of Revenue. **A copy of the letter from the Department of Revenue approving the percentage must be attached to this schedule.**

**** In accordance with KRS 141.414(5)(b), if the FON project is an expansion to a previously existing operation, Kentucky gross receipts or Kentucky gross profits attributable to the entire operation shall be determined under the separate accounting method and the Kentucky gross receipts or Kentucky gross profits attributable to the FON project shall be determined by apportioning the separate accounting Kentucky gross receipts or Kentucky gross profits of the entire operation to the FON project Kentucky gross receipts or Kentucky gross profits. **A copy of the letter from the Department of Revenue approving the percentage must be attached to this schedule.**

41A720-S57 (10-13)

[illegible]

Mo. Yr.

(FOR A FON PROJECT OF A PASS-THROUGH ENTITY)

KRS 141.410 to 141.414

Name of Pass-through Entity	Federal Identification Number _____	Kentucky Corporation/LLET Account Number _____
Location of Project	Activation Date of FON Incentive Agreement ____/____/____ Mo. Day Yr.	Farming Operation Networking Project Number

1.	Kentucky taxable income on FON project (see instructions)		1	00
2.	Net operating loss deduction on FON project		2	() 00
3.	Kentucky taxable income on FON project after net operating loss deduction (line 1 less line 2)		3	00
4.	Income tax on amount from line 3:			
	Taxable Net Income	Rate	Tax	
(a)	First \$3,000.....	x 2%		00
(b)	Next \$1,000.....	x 3%		00
(c)	Next \$1,000.....	x 4%		00
(d)	Next \$3,000.....	x 5%		00
(e)	Over \$8,000 up to \$75,000..	x 5.8%		00
(f)	Over \$75,000.....	x 6%		00
(g)	Total income tax liability of FON project (add lines 4(a) through 4(f))		4(g)	00
5.	LLET on FON project (see instructions). Not applicable for Form 765-GP		5	00
6.	LLET credit allowed (line 5 less \$175, but not more than line 4(g)). Not applicable for Form 765-GP		6	00
7.	Total tax on FON project (lines 4(g) and 5 less line 6)		7	00
8.	Limitation (Column D from Schedule FON-T)		8	00
9.	Enter the lesser of line 7 or line 8 as the FON tax credit		9	00
10.	If line 7 is larger than line 9, enter difference here as a liability of the pass-through entity. (Any pass-through entity reflecting a tax liability, complete Tax Payment Summary below and remit payment.)		10	00

I, the undersigned, declare under the penalties of perjury, that I have examined this schedule, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Date _____

Tax _____ Interest _____ Penalty _____ **TOTAL** _____

INSTRUCTIONS – SCHEDULE FON-SP

PURPOSE OF SCHEDULE—This schedule is used by a pass-through entity which has a farm operation networking project (FON) approved by the Cabinet for Economic Development as provided by KRS 141.410 to 141.414, to determine the credit allowed against the Kentucky income tax and LLET attributable to the project in accordance with KRS 141.412. The annual tax credit shall be available for the first five (5) years that the farming operation is involved in the networking project. The annual tax credit shall be equal to the approved costs incurred by the qualified farming operation during the tax year and shall not exceed the income, Kentucky gross profits or Kentucky gross receipts, as the case may be, of the qualified farming operation generated by or arising out of the qualified farming operation's participation in a networking project.

KRS 141.414(3) provides that the net income subject to tax and the tax credit determined under KRS 141.414(2) shall be excluded in determining each partner's, member's, shareholder's or beneficiary's distributive share of net income or credit of the pass-through entity or trust.

Pass-through entities should first complete Form 720S, 765 or 765-GP to determine net income (loss), deductions, etc., from the entire operations of the pass-through entity. The pass-through entity should then complete Schedule FON-SP to determine the FON tax credit, if any, from the FON project. A pass-through entity is subject to tax as provided by KRS 141.020 and KRS 141.0401 on the net income and the Kentucky gross receipts or Kentucky gross profits from the project and the FON credit is applied against the tax of the FON project. Consequently, the pass-through entity must use Form 720S(K), Form 765(K) or Form 765-GP(K) in lieu of Schedule K (Form 720S), Schedule K (Form 765) or Schedule K (Form 765-GP) in order to exclude the net income from the FON project from the partners, members or shareholders' distributive share income, and Schedule LLET(K) in lieu of Schedule LLET in order to exclude the Kentucky gross receipts or the Kentucky gross profits of the FON project from the LLET at the entity level.

Multiple Projects—A pass-through entity with multiple farming operation networking projects must complete an applicable Schedule FON-SP to determine the credit and net tax liability, if any, for each project.

Line 1—If the pass-through entity's only operation is the FON project, the amount entered on Line 1 is the net income (loss) from Form 720S, 765 or 765-GP. If the pass-through entity has operations other than the FON project, a schedule must be attached reflecting the computation of the net income (loss) from the FON project in accordance with the following instructions, and such amount entered on Line 1.

Separate Operation—In accordance with KRS 141.414(4), if the project is a separate operation, net income, Kentucky gross receipts, and Kentucky gross profits attributable to the project shall be determined by a separate accounting method.

Expansion of Existing Operation—In accordance with KRS 141.414(5), if the FON project is an expansion to a previously existing operation, the net income, Kentucky gross receipts and Kentucky gross profits shall be determined under a

separate accounting method reflecting the entire operation, and the net income, Kentucky gross receipts and Kentucky gross profits shall be determined by apportioning the net income, Kentucky gross receipts and Kentucky gross profits of the entire operation to the farming operation networking project by a formula approved by the Department of Revenue. **A copy of the letter from the Department of Revenue approving the percentage must be attached to the schedule.**

Alternative Methods—In accordance with KRS 141.414(6), if the approved company can show that the nature of the operations and activities of the approved company are such that it is not practical to use a separate accounting method to determine the net income, Kentucky gross receipts and Kentucky gross profits from the operation at which the economic development project is located, the approved company shall use an alternative method approved by the Department of Revenue. **A copy of the letter from the Department of Revenue approving the alternative method must be attached to this schedule.**

Separate Accounting—If the farming operation networking project is a separate operation, net income shall reflect only the gross income, deductions, expenses, gains and losses allowed under this chapter directly attributable to the operation and overhead expenses apportioned to the operation; and Kentucky gross receipts or Kentucky gross profits shall reflect only Kentucky gross receipts or Kentucky gross profits directly attributable to the operation.

If the farming operation networking project is an expansion to a previously existing operation, net income of the entire operation shall reflect only the gross income, deductions, expenses, gains and losses allowed under this chapter directly attributable to the operation and overhead expenses apportioned to the operation; and Kentucky gross receipts and Kentucky gross profits shall reflect only Kentucky gross receipts and Kentucky gross profits directly attributable to the operation. Net income, Kentucky gross receipts and Kentucky gross profits of the entire operation attributable to the economic development project shall be determined by apportioning the net income, Kentucky gross receipts and Kentucky gross profits by a formula approved by the Department of Revenue.

Line 2—Enter the net operating loss from the FON project, if any, being carried forward from previous years.

Note: Just as the income from a FON project does not flow through to partners, members or shareholders, neither do the losses. The project's net operating loss from prior years must be subtracted from the project income before calculating the FON credit.

General Partnership—Lines 5 and 6 of this schedule shall not be completed by a general partnership as a general partnership is not subject to LLET.

Line 5—Using Schedule LLET, create a new Schedule LLET to compute the LLET of the FON project using only the Kentucky gross receipts and Kentucky gross profits of the project. Enter "FON" at the top center of the Schedule LLET and attach it to the tax return.

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



KRS 141.410 to 141.414

➤ **Attach to Schedule FON or FON-SP.**

[illegible]

INSTRUCTIONS—SCHEDULE FON-T

PURPOSE OF SCHEDULE—This schedule is used by an entity which has a farming operation networking project (FON) approved by the Cabinet for Economic Development as provided by KRS 141.410 to 141.414, to maintain a record of approved costs and the tax credits taken for the duration of the project. This information is necessary for the company to determine the limitation of the tax credit for each taxable year of the agreement and to allow the Kentucky Department of Revenue to verify that the tax credit carryover has been properly determined.

KRS 141.412 provides that any tax credit not used in the taxable year in which it becomes available may be carried forward to the next succeeding five (5) taxable years until the tax credit has been fully used. The aggregate tax credit used in any taxable year shall not exceed the income, Kentucky gross profits or Kentucky gross receipts, as the case may be, of the qualified farming operation generated by or arising out of the qualified farming operation's participation in a networking project in that taxable year.

GENERAL INSTRUCTIONS

"Approved costs" means costs incurred during the taxable year by a qualified farming operation for training and improving skills of managers and employees involved in a networking project as provided by KRS 141.410(1).

"Qualified farming operation" means an individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, or institution, engaged in farming in Kentucky that provides raw materials for food-producing facilities in Kentucky, and that purchases new buildings or equipment, or that incurs training expenses, to support its participation in a networking project.

KRS 141.414(3) provides that the net income subject to tax and the tax credit determined under KRS 141.414(2) shall be excluded in determining each partner's, member's, shareholder's or beneficiary's distributive share of net income or credit of the pass-through entity or trust.

A single Schedule FON-T, Tracking Schedule for a FON Project, shall be maintained for the duration

of each FON project. Beginning with the first taxable year of the FON incentive agreement, complete Columns A through E using a separate line for each year of the agreement. The company shall attach a copy of this schedule updated with current year information to the Schedule FON or Schedule FON-SP which is filed with the Kentucky tax return for the year.

For Form 720, all tax credits are entered on Schedule TCS, Tax Credit Summary Schedule. The total tax credits calculated may exceed the amount that can be used. Credits must be claimed in the order prescribed by KRS 141.0205. Total credits claimed cannot reduce the LLET below the \$175 minimum. Total credits claimed cannot reduce the income tax liability below zero.

SPECIFIC INSTRUCTIONS

Column A—Enter on each line the ending date (month, day and year) of the taxable year for which the information in Columns B through E is entered.

Column B—This column will be blank for the first taxable year of the agreement. For each year thereafter, if the amount entered in Column D for the prior year exceeds the amount entered in Column E for the prior year, enter the difference. If the amount entered in Column E for the prior year equals the amount entered in Column D for the prior year, enter zero (-0-).

Column C—Enter the total amount of approved costs for the taxable year.

Column D—Enter the result of adding the amounts entered in Columns B and C. Also, enter this amount on Schedule FON, Part III, Line 2 or Schedule FON-SP, Part I, Line 8, whichever is applicable.

Column E—The FON tax credit is applied against the corporation income tax imposed under KRS 141.040 and/or the limited liability entity tax imposed under KRS 141.0401. The tax credit calculated for each tax can be different; however, for tracking purposes, the maximum amount used against either tax is recorded as the amount claimed. Enter the greater of Column E or Column F from Schedule TCS for this project.

8879(C)-K

41A720-S8 (10-13)

Commonwealth of Kentucky
DEPARTMENT OF REVENUEKentucky Corporation or Pass-through Entity Tax Return
Declaration For Electronic Filing

Taxable Year Ending

____/____
Mo. Yr.

► See instructions.

Name of Entity	Federal Identification Number	Kentucky Corporation/LLET Account Number (if applicable)
Address (Number, Street and Room or Suite No.)		City, State and ZIP Code

Please check the appropriate box indicating which tax return is being electronically filed:

☐ 720 ☐ 720S ☐ 725 ☐ 765 ☐ 765-GP

PART I - Tax Return Information for Form 720, 720S, 725, 765 or 765-GP

Section A - Form 720

1. Kentucky taxable income.....	Part III, line 25.....	1		00
2. LLET liability.....	Part I, Line 6.....	2		00
3. LLET due.....	Part I, line 16.....	3		00
4. LLET refund.....	Part I, Line 20.....	4		00
5. Net income tax liability.....	Part II, line 8.....	5		00
6. Income tax due.....	Part II, line 15.....	6		00
7. Income tax refund.....	Part II, line 19.....	7		00

Section B - Form 720S

8. Kentucky ordinary income (loss).....	Part I, line 10.....	8		00
9. LLET liability.....	Part II, Line 6.....	9		00
10. LLET due.....	Part II, line 13.....	10		00
11. LLET refund.....	Part II, Line 17.....	11		00
12. Net income tax liability.....	Part III, line 4.....	12		00
13. Income tax due.....	Part III, line 9.....	13		00
14. Income tax refund.....	Part III, line 13.....	14		00

Section C - Form 725

15. Total distributable income.....	Part I, line 11.....	15		00
16. LLET liability.....	Part II, line 6.....	16		00
17. LLET due.....	Part II, line 12.....	17		00
18. LLET refund.....	Part II, line 15.....	18		00

Section D - Form 765

19. Kentucky ordinary income (loss).....	Part I, line 10.....	19		00
20. LLET liability.....	Part II, line 6.....	20		00
21. LLET due.....	Part II, line 12.....	21		00
22. LLET refund.....	Part II, line 15.....	22		00

Section E - Form 765-GP

23. Federal ordinary income (loss).....	Part I, line 1.....	23		00
24. Kentucky ordinary income (loss).....	Part I, line 11.....	24		00

PART II - Direct Debit of Tax Amount Due (See Instructions)

25. Routing transit number (RTN)	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																					The first two numbers of the RTN must be 01 through 12 or 21 through 32.
26. Depositor account number (DAN)	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																					
27. Type of account:	<input type="checkbox"/> Savings <input type="checkbox"/> Checking																					
28. Debit amount	_____																					
29. In order to comply with electronic banking regulations, please answer the following question.																						
a. Direct Debit—Will these funds come from an account located outside of the United States?	Yes <input type="checkbox"/> No <input type="checkbox"/>																					

PART III - Declaration of Authorized Representative of Entity (Sign only after Parts I and II are completed.)

30. ☐ I authorize the Kentucky Department of Revenue and its designated Financial Agent to initiate an ACH electronic funds withdrawal entry to the financial institution account indicated above for payment of the state taxes owed on this return. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If this is a balance due return, I understand that if the Department of Revenue does not receive the full and timely payment of the tax liability, the entity will remain liable for the tax liability and all applicable interest and penalties.

I, the undersigned, declare under the penalties of perjury, that I am an officer of the above corporation, partner or member of the above limited liability pass-through entity, or partner of the above general partnership and that I have examined a copy of the corporation's, limited liability pass-through entity's, or general partnership's electronic tax return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true correct and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the Form 720, 720S, 725, 765 or 765-GP electronic tax return.

Signature of Authorized Representative _____ Date _____

Type or Print the Name and Title
of the Authorized Representative Signing this Document _____

PART IV - Declaration and Signature of Electronic Return Originator (ERO) and Paid Preparer

I, the undersigned, declare that I have reviewed the above tax return and that the entries on Part I above are correct and complete. If I am only the ERO, I am not responsible for reviewing the tax return and only declare that this tax return accurately reflects the data on the tax return. The corporate officer of the above corporation, partner or member of the above limited liability pass-through entity, or partner of the above general partnership will have signed this form before I submit the tax return. I will give the corporate officer of the above corporation, partner or member of the above limited liability pass-through entity, or partner of the above general partnership all forms, including accompanying schedules and statements, filed with the Kentucky Department of Revenue. If I am also the paid preparer, I declare under the penalties of perjury that I have examined this tax return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Check ☐ if also a paid preparer.

Check ☐ if self-employed.

ERO's signature _____ Date _____ I.D. Number of ERO _____

Firm's name (or your
name if self-employed) _____ FEIN _____

Address _____ ZIP Code _____

I, the undersigned, declare under the penalties of perjury that I have examined this tax return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Preparer's signature _____ Date _____ I.D. Number of Preparer _____

Firm's name (or your
name if self-employed) _____ FEIN _____

Address _____ ZIP Code _____

INSTRUCTIONS — Form 8879(C)-K

PURPOSE OF SCHEDULE

An authorized representative of the entity and the electronic return originator (ERO) shall use Form 8879(C)-K as a declaration document and signature authorization for an electronic filing (e-file) of a Kentucky Form 720, 720S, 725, 765 or 765-GP filed by an ERO.

Do not send this form to the Kentucky Department of Revenue. The ERO shall retain Form 8879(C)-K for 4 years from the return due date or the Kentucky Department of Revenue receipt date, whichever is later.

ERO RESPONSIBILITIES

The ERO will:

- Enter the name, Federal Identification Number, Kentucky Corporation/LLET Account Number (if applicable), address and ZIP code of the entity at the top of the form.
- Check the appropriate box indicating which tax return is being electronically filed.
- Complete Part I using the amounts from the entity's Kentucky tax return.
- Complete Part II using the entity's Routing transit number (RTN) and Depositor account number (DAN).
- Check the box in Part IV if the ERO is also the paid preparer.
- Check the box in Part IV if the ERO is self-employed.
- Complete Part IV including a signature, date and I.D. Number of ERO.
- Enter in Part IV the ERO's firm name (NOT the individual preparing the return), FEIN, address and ZIP code.
- If the ERO is not the preparer, have the preparer complete Part IV including the signature, date and I.D. Number of Preparer. Enter in Part IV the preparer's firm name (or the preparer's name if self-employed), FEIN, address and ZIP code.
- Give the authorized representative of the entity Form 8879(C)-K for completion and review – this can be done by hand delivery, U.S. mail, private delivery service, email or Internet website.
- Provide the authorized representative of the entity with a corrected copy of the Form 8879(C)-K if changes are made to the tax return (for example, based on the authorized representative's review).
- Provide the authorized representative of the entity with a copy of the signed Form 8879(C)-K upon request.

AUTHORIZED REPRESENTATIVE OF ENTITY RESPONSIBILITIES

The authorized representative will:

- Verify the accuracy of the entity's Kentucky tax return.
- Verify the amounts in Part I using the amounts from the entity's Kentucky tax return.
- Verify the entity's Routing transit number (RTN) and Depositor account number (DAN) in Part II.

- Sign and date Form 8879(C)-K in Part III.
- Type or print authorized representative's name and title in Part III.
- Return the completed Form 8879(C)-K to the ERO by hand delivery, U.S. mail, private delivery service or fax.

The Kentucky entity's tax return shall not be transmitted to the Kentucky Department of Revenue until the ERO receives the authorized representative's signed Form 8879(C)-K.

PART I – Tax Return Information

Enter the required data from Kentucky Form 720, 720S, 725, 765 or 765-GP in Section A - Form 720, Section B - Form 720S, Section C - Form 725, Section D - Form 765 or Section E- Form 765-GP.

PART II – Direct Debit of Tax Amount Due

The entity can choose to pay the amount due by completing Part II, Lines 25 through 29, and checking the box on Line 30. The entity can choose direct debit for Kentucky regardless of the choice for federal purposes. The entity must ensure that the following information relating to the financial institution's account is provided in the tax preparation software: Routing transit number (RTN), Depositor account number (DAN), Type of account (Savings or Checking) and Debit amount.

The payment amount will be processed (debited from the designated bank account) upon acceptance of the tax return for processing.

PART III – Declaration of Authorized Representative of Entity

The authorized representative of the entity shall sign and date Form 8879(C)-K after reviewing the tax return and before it is transmitted to the Kentucky Department of Revenue.

PART IV – Declaration and Signature of Electronic Return Originator (ERO) and Paid Preparer

This ERO shall sign and date Form 8879(C)-K.

If the ERO is also the paid preparer, the ERO must check the paid preparer box, but is not required to complete and sign the paid preparer's section. If self-employed, check the self-employed box.

A paid preparer who is not the ERO must complete and sign the paid preparer's section.

If the ERO cannot obtain the paid preparer's signature on Form 8879(C)-K, a copy of the tax return with the paid preparer's signature should be attached to the 8879(C)-K.

**Instructions for Form 720-V
Electronic Filing Payment Voucher**

Do I need to use a payment voucher?

- Form 720-V, Electronic Filing Payment Voucher, is used by an entity filing an electronic Kentucky tax return (Form 720, 720S, 725 or 765) to pay the balance of tax due.
- If the 2013 electronic tax return shows a refund or no tax due, do not use this payment voucher.

Why use a payment voucher?

- **The Department of Revenue does not issue a notice of tax due prior to the deadline for payment.**
- For balance due returns, taxpayers should complete Form 720-V and submit it along with payment. To avoid penalties and interest, the balance due must be paid on or before the 15th day of the fourth month following the close of the taxable year.
- The use of Form 720-V identifies the payment as a payment for a Kentucky electronic filed tax return. **DO NOT send a copy** of the electronically filed return with the payment of tax due.

How do I prepare the payment?

- Make the check or money order payable to the **Kentucky State Treasurer**. Do not send cash.
- If the name and address of the entity are not printed on the check or money order, write them on the check or money order.
- Write the Federal Identification Number on the check or money order.

How do I prepare the payment voucher?

- Enter the entity's Kentucky Corporation/LLET Account Number.
- Enter the entity's taxable year ending.
- Enter the entity's Federal Identification Number or Social Security Number.
- Enter the entity's name and address.
- Enter the entity's contact name and telephone number.
- Enter the corporation income tax payment on Line 1.
- Enter the income penalty and interest (if applicable) on Line 2.
- Enter the limited liability entity tax payment on Line 3.
- Enter the limited liability entity tax penalty and interest (if applicable) on Line 4.
- Enter the total amount of the payment on Line 5.

How do I send in the payment and the payment voucher?

- Detach the payment voucher at the dotted line below. Mail with payment to Kentucky Department of Revenue, Frankfort, Kentucky 40620-0012.
- **DO NOT attach the check or money order to the payment voucher.**
- **DO NOT leave check stubs attached to checks.**



Make check or money order payable to: Kentucky State Treasurer.

Mail voucher with payment to: Kentucky Department of Revenue, Frankfort, Kentucky 40620-0012.

DO NOT send check stub with payment.

★ *Detach Here* ★

★ *Enclose Check and Voucher Unattached* ★

41A720-S12 (10-13)
Department of Revenue

720-V ELECTRONIC FILING PAYMENT VOUCHER

2013

- **DO NOT** send a copy of the electronically filed return with payment of tax due. Please use Form 720-V to submit payment.

Kentucky Corporation/LLET Account Number

- ## 1. Corporation Income Tax

[illegible]

Taxable Year Ending

[illegible]

Federal Identification Number (FEIN) or Social Security Number

- ## 2. Income Penalty and Interest

[illegible]

Name of Entity (Print or Type)

FIGURE 6 | **Comparison of the results of the two models.**

- ### 3. Limited Liability Entity Tax

Parameter	Value	Unit	Parameter	Value	Unit
Temperature	25	°C	Humidity	50	%
Light intensity	100	μmol photons m ⁻² s ⁻¹	CO ₂ concentration	400	ppm
Water potential	-0.1	MPa	Relative humidity	95	%
Stomatal conductance	0.1	mol m ⁻² s ⁻¹	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹	Chlorophyll fluorescence	0.8	—
Leaf area	10	cm ²	Stomatal conductance	0.1	mol m ⁻² s ⁻¹
Chlorophyll content	20	—	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Water potential	-0.1	MPa	Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹
Stomatal conductance	0.1	mol m ⁻² s ⁻¹	Chlorophyll fluorescence	0.8	—
Transpiration rate	1.0	mmol m ⁻² s ⁻¹	Stomatal conductance	0.1	mol m ⁻² s ⁻¹
Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Chlorophyll fluorescence	0.8	—	Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹
Stomatal conductance	0.1	mol m ⁻² s ⁻¹	Chlorophyll fluorescence	0.8	—
Transpiration rate	1.0	mmol m ⁻² s ⁻¹	Stomatal conductance	0.1	mol m ⁻² s ⁻¹
Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Chlorophyll fluorescence	0.8	—	Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹
Stomatal conductance	0.1	mol m ⁻² s ⁻¹	Chlorophyll fluorescence	0.8	—
Transpiration rate	1.0	mmol m ⁻² s ⁻¹	Stomatal conductance	0.1	mol m ⁻² s ⁻¹
Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Chlorophyll fluorescence	0.8	—	Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹
Stomatal conductance	0.1	mol m ⁻² s ⁻¹	Chlorophyll fluorescence	0.8	—
Transpiration rate	1.0	mmol m ⁻² s ⁻¹	Stomatal conductance	0.1	mol m ⁻² s ⁻¹
Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Chlorophyll fluorescence	0.8	—	Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹
Stomatal conductance	0.1	mol m ⁻² s ⁻¹	Chlorophyll fluorescence	0.8	—
Transpiration rate	1.0	mmol m ⁻² s ⁻¹	Stomatal conductance	0.1	mol m ⁻² s ⁻¹
Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Chlorophyll fluorescence	0.8	—	Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹
Stomatal conductance	0.1	mol m ⁻² s ⁻¹	Chlorophyll fluorescence	0.8	—
Transpiration rate	1.0	mmol m ⁻² s ⁻¹	Stomatal conductance	0.1	mol m ⁻² s ⁻¹
Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Chlorophyll fluorescence	0.8	—	Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹
Stomatal conductance	0.1	mol m ⁻² s ⁻¹	Chlorophyll fluorescence	0.8	—
Transpiration rate	1.0	mmol m ⁻² s ⁻¹	Stomatal conductance	0.1	mol m ⁻² s ⁻¹
Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Chlorophyll fluorescence	0.8	—	Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹
Stomatal conductance	0.1	mol m ⁻² s ⁻¹	Chlorophyll fluorescence	0.8	—
Transpiration rate	1.0	mmol m ⁻² s ⁻¹	Stomatal conductance	0.1	mol m ⁻² s ⁻¹
Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Chlorophyll fluorescence	0.8	—	Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹
Stomatal conductance	0.1	mol m ⁻² s ⁻¹	Chlorophyll fluorescence	0.8	—
Transpiration rate	1.0	mmol m ⁻² s ⁻¹	Stomatal conductance	0.1	mol m ⁻² s ⁻¹
Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Chlorophyll fluorescence	0.8	—	Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹
Stomatal conductance	0.1	mol m ⁻² s ⁻¹	Chlorophyll fluorescence	0.8	—
Transpiration rate	1.0	mmol m ⁻² s ⁻¹	Stomatal conductance	0.1	mol m ⁻² s ⁻¹
Net photosynthesis	1.5	μmol CO ₂ m ⁻² s ⁻¹	Transpiration rate	1.0	mmol m ⁻² s ⁻¹
Chlorophyll fluorescence	0.8	—	Net photosynthesis	1.5	μmol CO ₂ m<

Number and Street

- #### 4. LLET Penalty and Interest

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
2	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
3	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
4	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
5	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80																				

City

State

ZIP Code

- 5. Total**

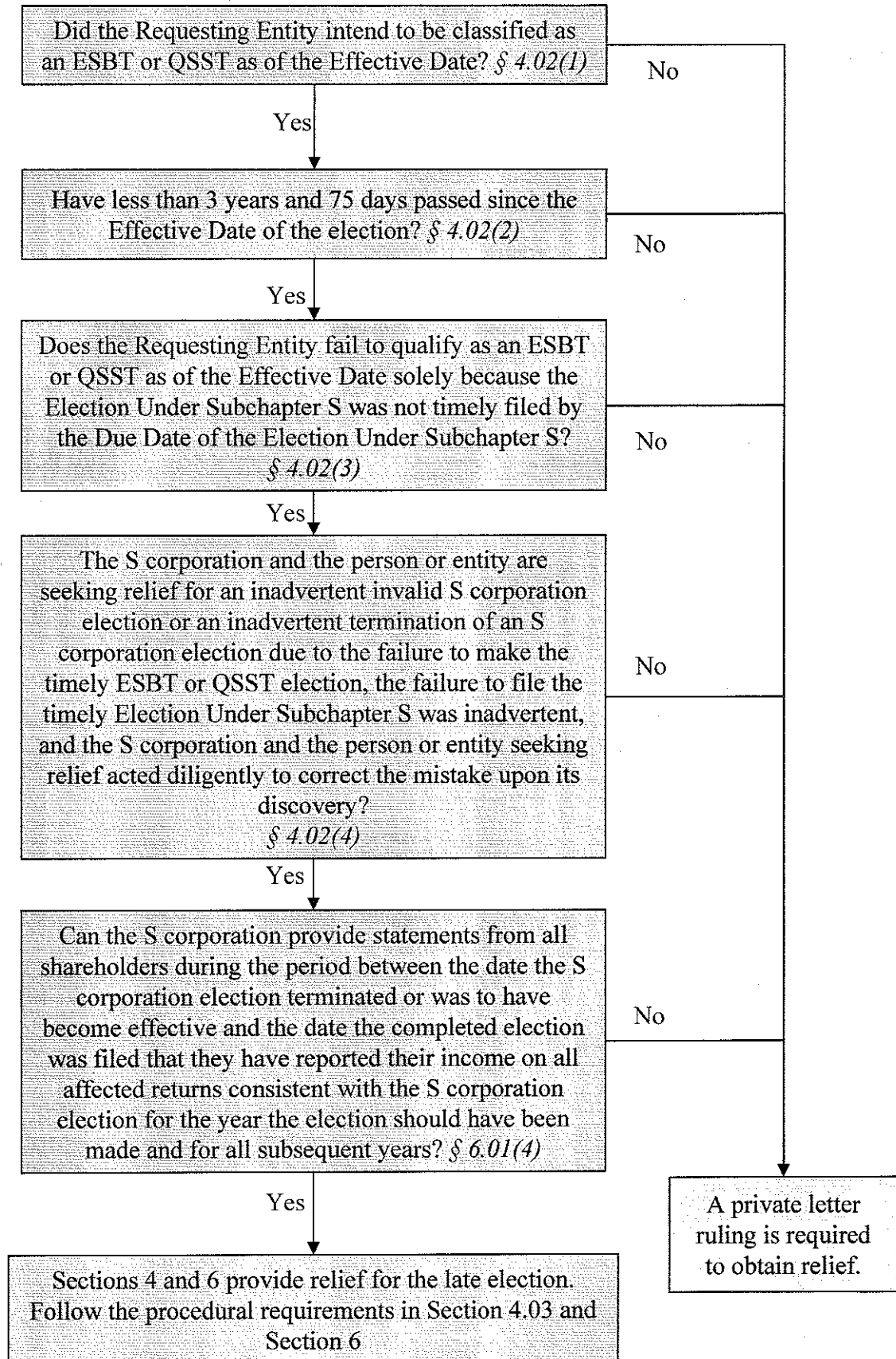
Figure 1: A schematic diagram of a 1D lattice chain with N sites. The chain is represented by a horizontal line with N discrete sites. The left end is labeled '1' and the right end is labeled 'N'. The sites are numbered 1, 2, 3, ..., $N-1$, N . The chain is divided into two halves by a vertical dashed line at site $N/2$. The left half is labeled 'Left' and the right half is labeled 'Right'. The chain is connected to a reservoir on the left and a reservoir on the right. The reservoirs are represented by wavy lines. The left reservoir is labeled 'Reservoir' and the right reservoir is labeled 'Reservoir'. The chain is connected to the reservoirs by arrows. The left arrow is labeled 'L' and the right arrow is labeled 'R'. The chain is also connected to a central reservoir labeled 'Reservoir' at the bottom. The central reservoir is connected to the chain by two arrows, one labeled 'L' and one labeled 'R'. The chain is also connected to a central reservoir labeled 'Reservoir' at the top. The central reservoir is connected to the chain by two arrows, one labeled 'L' and one labeled 'R'.

(Round to the nearest dollar)

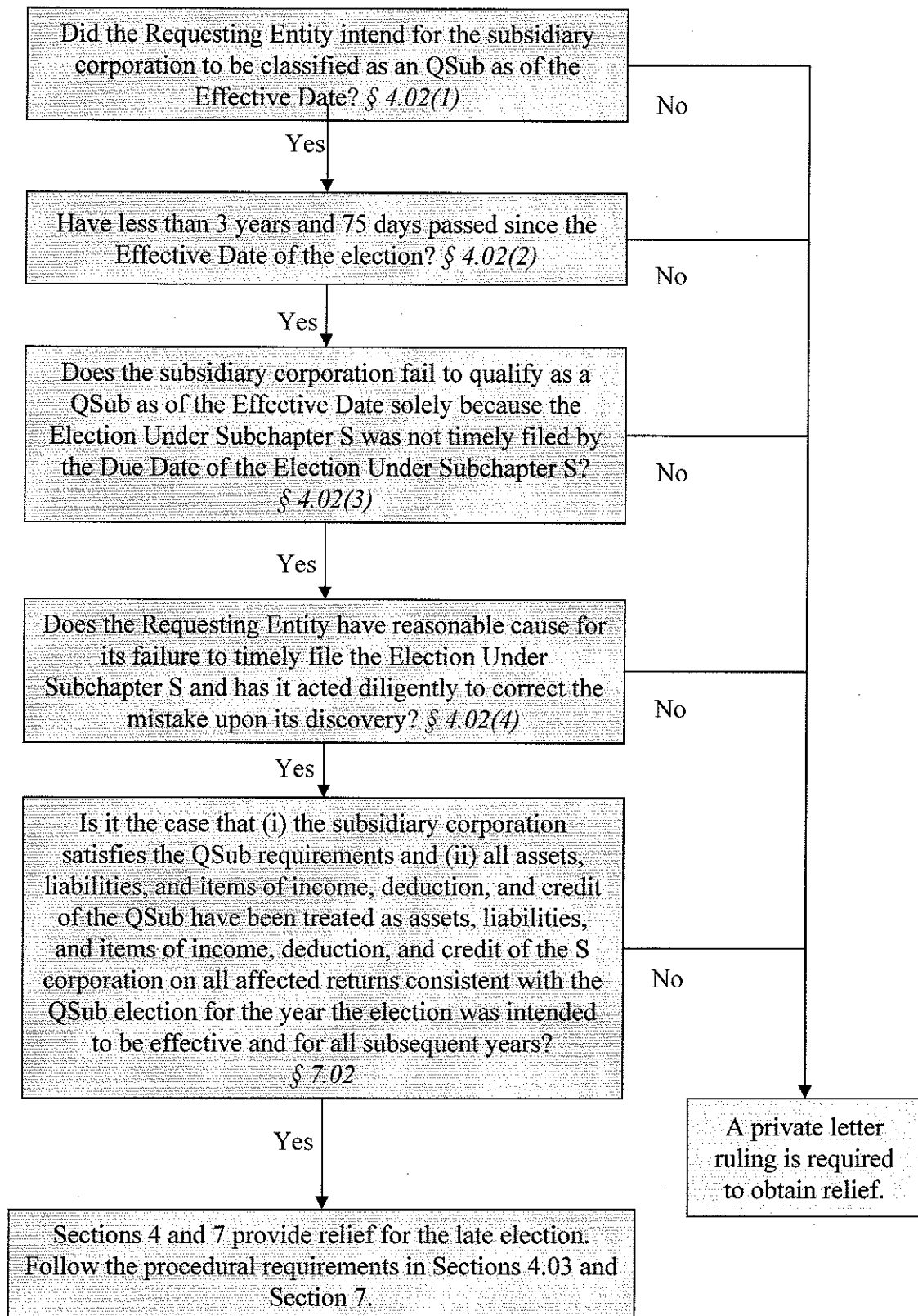
Contact Name and Telephone Number



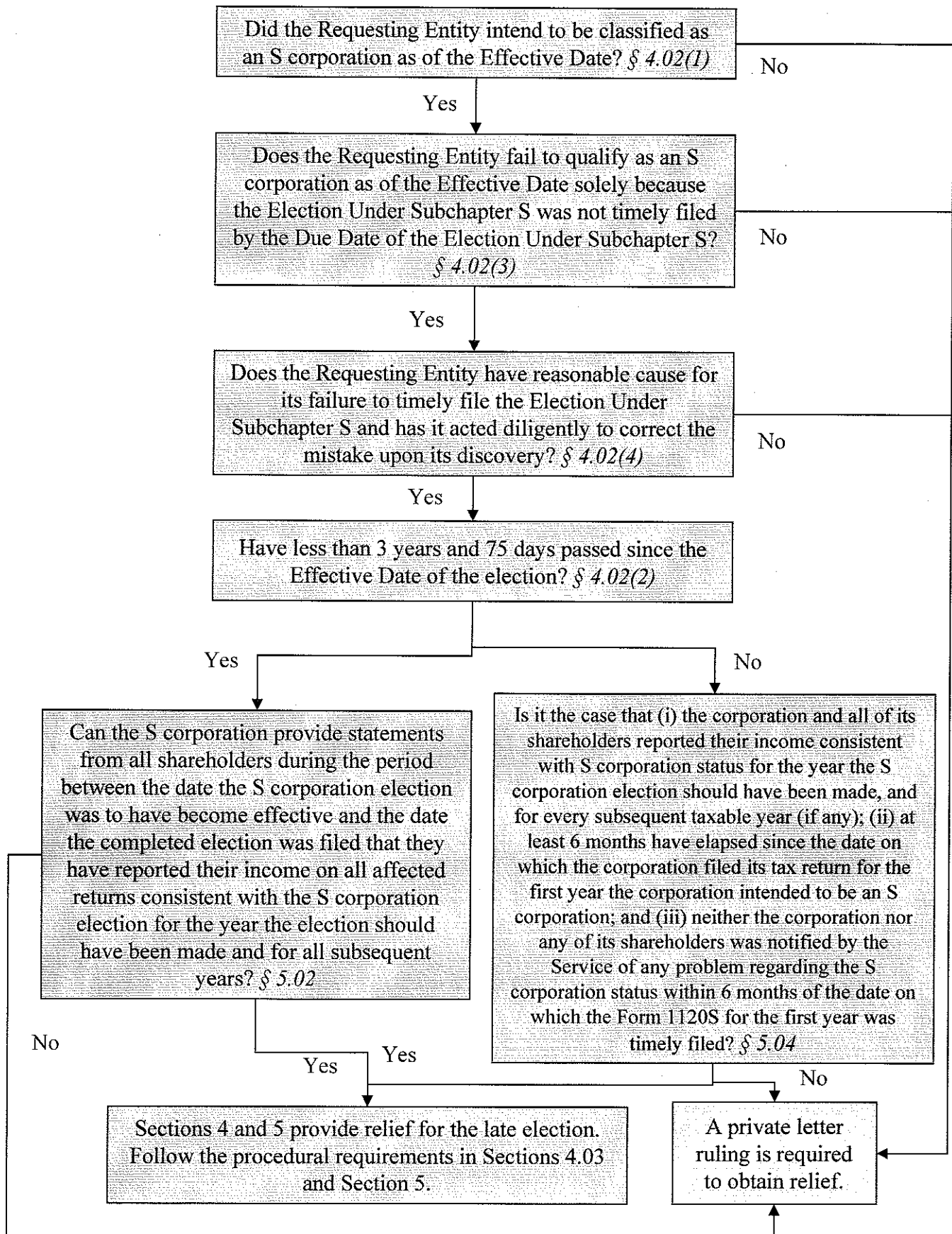
Relief for Late QSST & ESBT Elections



Relief for Late QSub Elections



Relief for Late S Corporation Elections



Relief for Late S Corporation and Entity Classification Elections for the Same Entity

